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Buffalo markets a new brand of transit

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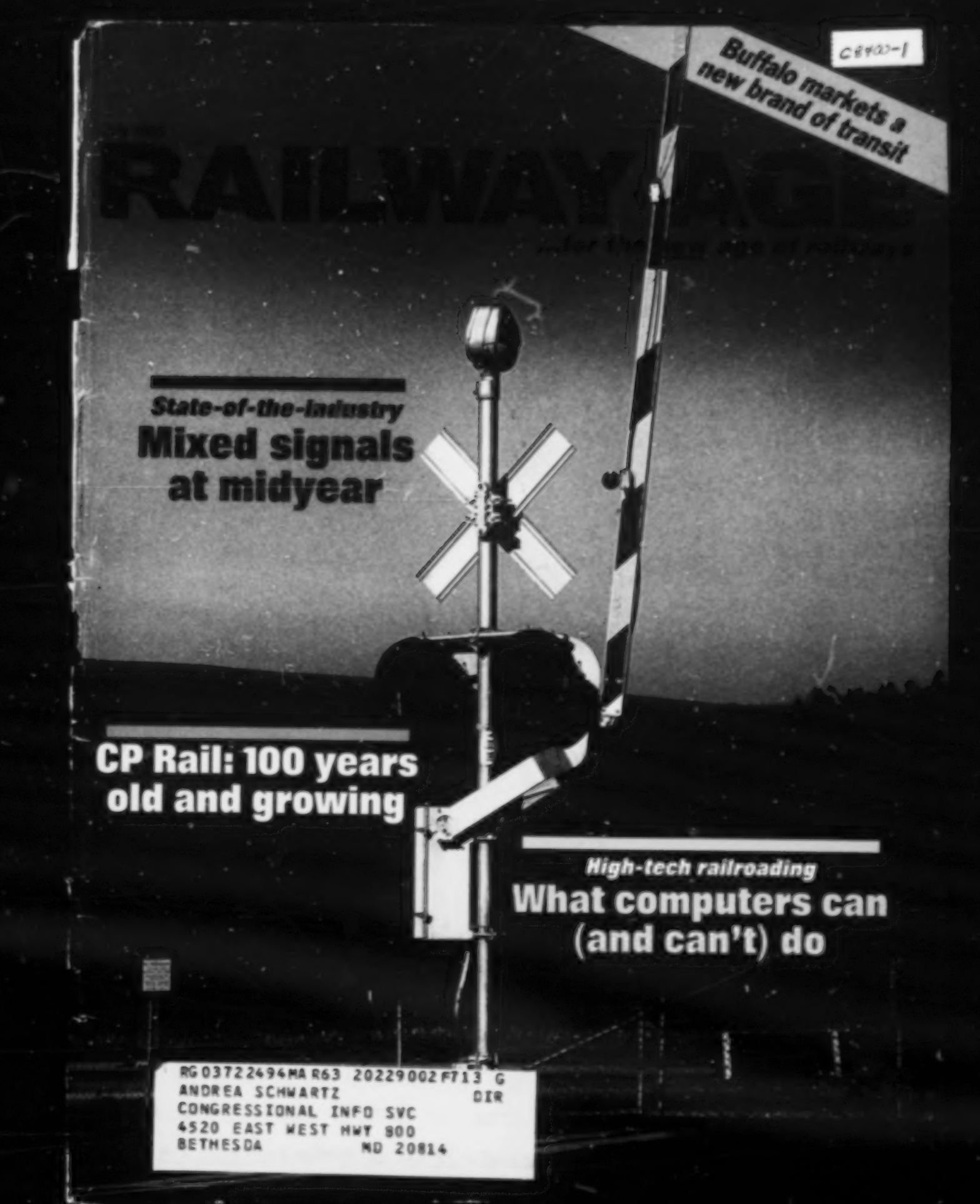

State-of-the-industry

Mixed signals at midyear

CP Rail: 100 years old and growing

High-tech railroading

What computers can (and can't) do

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RAILWAY AGE

...for the new age of railways

July 1985

Features

38 State-of-the-industry: Mixed signals at midyear

Service and high-tech industries are growing; the farms and factories that produce carload traffic aren't—and that pretty much tells the story so far this year.

41 High-tech railroading: What computers can (and can't) do

The potential for useful application of computer technology is almost limitless—but as one expert warns, "There is also great potential for making mistakes."

45 1985 Contract Car Repair Directory

Need a car, or a fleet of cars, repaired or cleaned? *Railway Age*'s updated directory tells you where the shops are—and what they're prepared to do.

69 Hazmat cleaning: A specialized art

A Calvert City, Ky., company that started small five years ago has grown fast—partly due to development of special systems for hazmat-car cleaning.

71 CP Rail: 100 and growing

As CP prepares for its "iron-spike" centennial, it's still busy doing the job it originally set out to do: Building to bolster Canadian growth.

79 Small is beautiful? Just ask Harold Cragg

Here's what a one-man sales force accomplished with a new product (in this case a battery-charger) that "worked well and did not fail."

88 NFTA: Revenue trains roll in Buffalo

Thirty-five years after the last streetcars vanished from Buffalo streets, the Niagara Frontier Transportation Authority brought rail back—and the city celebrated.

COVER: Photo by Creony Johannesson.

95 High-speed forces regroup

Two recent meetings have underscored the let's-get-serious-and-get-on-with-it spirit that now guides the efforts of high-speed passenger rail advocates.

Update

22 UTU-carrier pact: Both sides win a little
22 Intermodal Expo: A crowd pleaser
23 BN plans "neutral chassis pool" for Twin-Pack service
23 Shipload of ore fills 937 cars
27 Can computers tidy up a messy rate picture?
27 Reebie adding new traffic-flow data
28 For China, more power from GE
28 BN signs three-year coal contract
29 From APC: A new double-stack train—and a warning
29 NYK Line takes the double-stack route
30 "Unblister" car: An energy saver
30 15 roads honored by Safety Council
35 ICG boxcar rates undercut trucks
35 Algoma to modernize its rail facility
36 Earnings down 30% on 4.6% traffic decline
84 17-cent gas tax proposed to fill the funding gap
84 Light rail vs the alternatives
84 Transit agencies seek fiber-optics tenants
85 Calgary-Edmonton line wins nod
85 Montreal-New York line: Feasible but not profitable
85 NYCTA introduces Bombardier cars
86 MBB bids low on MBTA cars
86 Four states win planning grants
86 High-speed fever spreads to Georgia
86 GO eyes new heavy-rail fleet
86 VIA Rail to spend up to $550 million for new car fleet
87 LIRR attacks station graffiti
87 C-Car prototypes delayed again
87 Taiwan seeks U.S. emu cars

Comment

6 Inside
19 Watching Washington
20 Lines on Labor
83 In Transit
110 Publisher's Perspective

Departments

9 Meetings
13 Industry Outlook
14 Market Outlook
16 Revenues & Expenses
96 Bookshelf
98 People in the News
99 Products Report
105 New Literature
109 100 Years Ago

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Inside

A case of the blahs—and worse

LUTHER S. MILLER

John J. Schmidt, chairman and CEO of the Santa Fe Southern Pacific Corp., calls it a "selective depression." Walter J. Drexel, chairman, president and CEO of the Burlington Northern, says BN has been going through a "mild recession." Whatever you call it, the railroads at midyear '85 are experiencing a case of the blahs. At a time when the national economy as a whole is growing, at a rate of around 3%, railroad traffic is off around 4%. Why this is so, and what it portends in the short term for earnings performance and capital investment, is the subject of the story that begins on p. 38.

"The blahs" is hardly the term to describe the state of mind of the freight-car builders. They continue to be mired in a depression deeper than anyone can remember, and right now the most optimistic of them see no way out of the slump. In Chicago a couple of weeks ago, the forecasting committee of the American Railway Car Institute held its semi-annual session. Eight carbuilders and nine component suppliers submitted their forecasts for deliveries and orders for 1985 and 1986. This is what they came up with (and as you read, keep in mind that it wasn't long ago that deliveries were in the 80-90,000-cars-a-year range):

Freight-car Forecast
(8 carbuilders)

	Deliveries		Orders	
	1985	1986	1985	1986
Average	12,300	15,900	13,000	16,900
Median	11,900	14,000	12,400	15,000
Range	11,000-15,000	13,000-23,000	10,000-17,000	14,000-25,000
	(9 component suppliers)			
Average	12,500	17,300	14,200	20,200
Median	13,500	16,700	13,500	20,000
Range	7,200-15,000	8,200-23,000	8,000-16,000	9,500-28,000

If this is bad news for the carbuilders, it's good news for the railroads. The depressed car market means, among other things, that the carriers are getting dramatically increased utilization out of their existing fleet. Mergers have been an important factor. The trend toward fast-turnaround unit trains is another. A post-Staggers breed of managers who are attuned as never before to asset management (and who, thanks to deregulation, now have the tools to manage) have made their own contribution to the carbuilders' woes.

The reduced need for new cars also means that the railroads can put their investment dollars in areas that were long shortchanged. Out of record capital outlays of $4.3 billion last year, $3.5 billion went into track and structures. Not many years ago the T&S side was getting less than half of total capital dollars.

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Market Outlook

Facilities

Brazil: A World Bank loan of $200 million will help finance a $422-million railway modernization program. A main project will be the rehabilitation of about 780 miles of track in the Goias-Minas Gerais and Parana export corridors, where traffic control and telecommunications systems will be improved, yards and maintenance shops rehabilitated, and intermodal facilities constructed for the transfer of grain and grain products from rail to sea.

Chessie System: Has completed a new ore pier facility at Curtis Bay in Baltimore for the transfer of import bulk commodities, such as bauxite ore and magnesite, from ships to covered hopper cars. The new facility features computerized weighing and has a loading rate of 300 tons per hour.

Conrail: A $10.7-million program to upgrade CR's 200-mile Boston line includes installation of 30.1 miles of cwr, insertion of 68,580 crossties, surfacing of 207.4 pass-miles, and rehabilitation of 17 switches and six grade crossings.

Southeastern Michigan Transportation Authority: A $2.3-million contract has been awarded to Honeywell for installation of a DeltaNet Station Communication and Data Acquisition System for the Detroit Downtown People Mover System being developed by UTDC.

Equipment

CN Rail: Placed orders for work and shop equipment worth almost $2.5 million (Canadian). Woodings-Railcar Limited of Lancaster, Ont., and Fairmont Railway Motors Ltd. of Mississauga will supply 116 track motor cars valued at more than $1.2 million. Included are two-seat cars for track inspection and six-seat section cars for transporting work crews. Blast Cleaning Products of Oakville, Ont., won a contract of similar value to manufacture and install a blast and painting facility at Transcona Shops in Manitoba. The system includes paint spray booths and convection-type drying ovens.

Revenue freight carloadings

Commodity	June 13 week	June 8 week	June 1 week	May 25 week
Grain	22,745	22,273	19,294	18,408
Other farm products	4,155	4,209	3,659	3,580
Metallic ores	19,330	18,204	15,985	20,241
Coal	118,223	118,908	102,378	119,643
Crushed stone, gravel and sand	13,348	14,286	11,706	13,172
Nonmetallic minerals	11,125	11,998	10,945	10,714
Grain mill products	10,353	10,305	8,873	10,186
Food and kindred products	10,994	10,943	9,890	10,946
Primary forest products	11,973	11,914	10,886	11,981
Lumber and wood products except furniture	7,614	7,545	7,102	7,978
Pulp, paper and allied products	13,536	13,781	14,155	14,034
Chemicals and allied products	22,324	23,285	21,230	24,060
Petroleum products	5,058	4,630	4,041	4,775
Stone, clay and glass products	10,951	11,550	10,343	11,522
Coke	4,769	4,631	4,653	5,123
Metals and products	9,048	9,613	9,641	9,341
Motor vehicles and equipment	22,345	22,281	18,532	22,728
Waste and scrap materials	8,613	8,241	7,419	8,594
Forwarder and shipper assn. traffic	6,375	6,142	5,294	6,288
All other carloads	57,788	58,075	51,594	58,009
LCL traffic	120	142	134	159
Total Cars Loaded	388,708	392,877	347,929	391,948
% change from previous year	(4.0)	(6.3)	(6.6)	(7.3)

Estimated revenue ton-miles (billions)	1985	1984	% change
24 weeks	412.9	429.0	(3.7)

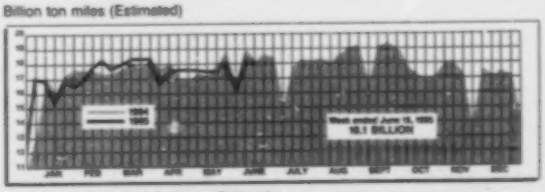
Piggyback loadings

	June 8 week	June 1 week	May 25 week	May 18 week	May 11 week
Trailers/containers	89,161	76,168	87,189	84,998	87,111

Cumulative total, 23 weeks		% change from 1984
Trailers/containers	1,936,170	(3.5)

Rail freight traffic trends

Billion ton miles (Estimated)



Source: Association of American Railroads

Freight cars

	DELIVERED May 1985	DELIVERED 5 months 1985	DELIVERED 5 months 1984	ORDERED May 1985	ORDERED 5 months 1985	ORDERED 5 months 1984	ON ORDER AND UNDELIVERED June 1, 1985	ON ORDER AND UNDELIVERED Average Backlog 1985	ON ORDER AND UNDELIVERED Average Backlog 1984
Built new by carbuilders	836	4,460	3,127	593	4,015	7,445	4,093	4,199	6,318
Built new in RR shops	70	406	0	0	0	0	0	56	0
Built new—total	906	4,866	3,127	593	4,015	7,445	4,093	4,256	6,318
Rebuilt	0	0	0	0	0	0	0	0	0
TOTAL	906	4,866	3,127	593	4,015	7,445	4,093	4,256	6,318
Locomotives (new and rebuilt)	58	193	131	N/A	N/A	N/A	284	262	147

Source: Transportation Div., AAR and American Railway Car Institute

REVENUES AND EXPENSES OF RAILWAYS

First quarter figures of calendar year 1985

(Dollar figures are stated in thousands, i.e., with last three digits omitted)

		Operating revenues				Operating expenses								Operating Ratio		Income after fixed charges		1985 Net Ry. operating income	Net income	
						Way & structures			Equipment											
		Freight	Other	Total 1985	Total 1984	Total 1985	Total 1984	1985 Deprec.	Total 1985	Total 1984	1985 Deprec.	Total 1985	Total 1984	1985	1984	1985	1984		1985	1984
Amtrak	3 mos.	—	175,544	175,544	159,405	62,658	66,820	20,687	98,771	90,446	20,342	407,149	386,200	231.93	242.27	(225,399)	(220,138)	(231,604)	(225,399)	(220,138)
Atchison, Topeka & Santa Fe	3 mos.	537,512	11,592	549,104	581,699	91,542	85,203	14,370	130,711	141,785	23,624	524,364	533,077	95.49	91.64	34,293	47,005	19,251	27,589	31,681
Baltimore & Ohio	3 mos.	254,864	10,139	265,003	265,359	46,262	47,162	10,193	69,741	59,371	7,260	259,916	251,567	98.09	94.80	6,246	11,082	8,839	6,513	8,427
Boston & Maine	3 mos.	27,597	1,199	28,796	31,161	4,156	4,083	416	8,998	9,492	69	29,582	29,902	99.19	96.57	917	1,998	306	917	1,998
Burlington Northern	3 mos.	1,034,484	21,112	1,055,596	1,124,018	172,156	151,258	42,297	187,981	197,945	16,624	861,847	902,257	81.64	80.27	199,042	241,472	113,420	118,703	139,805
Chesapeake & Ohio	3 mos.	284,575	5,968	290,543	307,937	36,444	38,545	8,942	52,467	57,917	3,747	211,911	239,233	91.91	92.86	30,498	29,269	8,159	26,900	29,703
Chicago & North Western	3 mos.	178,360	26,239	204,534	232,804	40,265	37,161	7,056	49,104	59,930	4,121	207,396	222,974	101.30	96.65	(14,880)	1,809	(712)	(12,910)	1,375
Conrail	3 mos.	759,791	26,601	786,672	840,704	130,396	131,979	22,676	196,666	198,469	30,292	742,986	795,861	94.20	95.01	54,673	90,910	34,083	54,673	90,840
Delaware & Hudson	3 mos.	26,756	542	28,300	30,591	4,979	4,943	382	6,406	9,459	162	28,396	31,689	111.38	104.04	(3,402)	(1,664)	(2,966)	(3,402)	(1,664)
Denver & Rio Grande Western	3 mos.	83,673	1,345	85,018	88,215	14,127	13,943	3,460	10,660	10,994	3,335	76,667	80,778	90.46	91.66	9,312	4,614	4,916	5,995	3,071
Elgin, Joliet & Eastern	3 mos.	14,341	6,366	20,707	27,557	3,071	3,110	596	3,257	3,201	2,013	20,323	22,666	98.14	82.97	1,820	5,952	(301)	1,135	3,395
Florida East Coast	3 mos.	30,755	573	31,328	31,174	4,770	4,364	1,236	5,562	5,372	989	22,734	22,495	72.58	72.12	11,771	11,965	3,361	6,539	6,946
Grand Trunk Western	3 mos.	85,294	3,508	88,802	84,553	10,569	10,142	1,656	17,167	19,481	1,543	87,237	83,512	98.23	98.76	306	(443)	1,777	1,374	1,067
Illinois Central Gulf	3 mos.	223,146	18,715	241,860	254,422	31,877	29,982	11,508	71,556	72,480	5,300	230,021	236,890	95.10	93.10	4,864	15,340	10,680	3,525	13,180
Kansas City Southern	3 mos.	75,529	3,495	79,024	82,333	11,115	12,067	3,559	18,319	20,506	5,228	69,718	71,194	88.22	86.47	7,326	8,948	6,387	4,293	5,439
Missouri-Kansas-Texas	3 mos.	62,470	3,372	65,842	66,262	12,499	11,466	2,821	16,130	16,998	1,550	63,109	64,199	96.06	96.89	(98)	2,646	(2,991)	(2,696)	2,646
Missouri Pacific	3 mos.	431,192	11,484	442,676	443,113	64,900	60,462	12,077	103,104	96,593	16,696	403,750	391,869	91.20	88.43	27,166	42,844	41,691	27,627	39,030
Norfolk & Western	3 mos.	410,957	15,522	426,479	439,212	61,884	77,098	10,494	87,392	82,763	12,984	351,488	359,343	82.40	81.77	53,496	56,700	36,105	55,948	57,464
St. Louis Southwestern	3 mos.	98,624	1,781	100,405	111,204	14,000	14,399	4,379	27,694	36,303	5,662	97,495	97,993	97.09	88.11	4,401	15,043	1,302	2,720	8,889
Southern System	3 mos.	969,463	18,679	678,342	707,629	86,837	86,340	19,172	174,074	186,128	19,347	586,630	590,394	87.50	83.41	98,936	116,946	56,141	60,695	75,099
Soo Line	3 mos.	116,574	2,817	119,391	83,535	20,987	13,649	4,543	28,497	19,384	2,981	112,981	76,076	94.61	91.07	2,696	8,089	5,897	1,771	4,900
Southern	3 mos.	432,063	11,054	433,117	442,735	62,083	61,768	18,195	94,022	90,300	19,110	361,240	360,231	83.40	81.39	74,169	80,931	42,176	43,108	46,552
Southern Pacific	3 mos.	504,077	16,553	520,630	547,429	77,234	82,044	22,903	153,108	163,076	20,338	547,975	549,705	105.25	100.41	(38,220)	15,749	(25,291)	(26,411)	26,914
Union Pacific	3 mos.	480,901	5,876	486,777	502,433	72,233	74,236	17,004	104,532	114,286	22,039	436,185	466,360	89.60	90.83	56,845	41,980	29,970	30,985	36,735
Western Pacific	3 mos.	32,560	475	33,055	39,204	6,053	7,259	989	7,688	8,851	1,597	37,992	43,643	114.93	111.32	(3,458)	(7,109)	(1,986)	(406)	(3,508)

Source: Interstate Commerce Commission

Lines on Labor

A shrunken UTU tries to close a dollar gap

Just about every family knows it, once in a while—the financial pinch when there are more bills demanding cash outgo than there is cash inflow. Families know it. So do the larger "families" known as brotherhoods. And if you were to ask the average railroader which unions, which brotherhoods, are the best-off, chances are that your average railroader—thinking that the biggest must be the richest—would say, "Why, the Brotherhood of Railway and Airline Clerks or the United Transportation Union, certainly."

GUS WELTY

Forget it. Or forget UTU, at least in a current income-vs.-outgo sense.

UTU has problems, big as it is, as the union representing (pretty much) every on-train employee except the locomotive engineer. UTU's immediate solution to those problems was a proposal calling for a special assessment of $5 a month on each member. The membership said no.

Five bucks a month. That's not much, maybe a ticket to a movie or a couple of six-packs. But it wasn't one of the tiny rail unions that was asking for this. This was the United Transportation Union. And yes, train-and-engine-service employees have been averaging something close to $40,000 a year in average annual earnings, so five bucks a month is not that big a bite. But the UTU, asking for votes to approve a special assessment?

The suggestion has been made (*RA*, May, p. 20) that the dozen-plus rail unions would be better off as one union, financially and in terms of bargaining strength. And, in fact, UTU has made a formal and public proposal regarding amalgamation with the Brotherhood of Locomotive Engineers.

But UTU's dues-increase proposal sets things off rather starkly. And if UTU is in a cash-flow bind, what about all the others, most of them smaller organizations?

To be fair about it (and you have to be), UTU faces a somewhat unusual situation, a court decision in a discrimination suit dating back to 1967 that will cost the union something in excess of $8 million. But, whatever, UTU's General Fund declined by about $9.3 million in February 1985. That hit the union's investment program, depriving it of about $1 million a year in investment bond interest. And in the following month, March, union disbursements exceeded receipts by about $90,000.

That, UTU President Fred A. Hardin wrote to union officers, represents, in total, "a situation which I am sure you will agree we cannot continue to tolerate."

In his pitch for approval of the special assessment, Hardin noted that headquarters has been trying to cut costs: "Although we have not furloughed any employees of the International, we have attrited over 30 positions and I sincerely feel that with our continued austerity, the $5 assessment for 12 months will enable us to again become financially sound so that we will have available funds to fight the terrific battles that we are facing in wage-rules negotiations and anti-union programs of the bus companies and railroads."

Perhaps. However, the most pertinent observation came a bit earlier in Fred Hardin's letter to the troops. During the past two years, he wrote, "we have suffered a loss of over 30,000 full dues-paying members."

Hardin says that UTU is facing "a financial crunch."

Maybe so, probably so.

But thriving institutions, even faced with an $8-million expense, usually manage to manage.

Something is wrong, somewhere.

What's wrong is that the rail unions have never seemed able to realize what the railroads have realized—which is that to prosper or even to survive in today's transportation marketplace, you have to be either a giant or a midget, a cross-country trunk line or a shortline.

In his letter to union officers, UTU's Fred Hardin also cited "a continuing rise in the cost of operations...."

Well, welcome to the world of running a business—which a union is. Welcome to the world where you don't exist for long if the cash flow ain't right and the bottom line ain't black. Welcome to the world of win-a-few, lose-a-few, and hope to do better than break-even in the end. Maybe most of all, welcome to the real world, in which unions—after all this time—have to bend, and something called reality sets in.

There's one good thing about it. In that real world, there is, in fact, room for all the players, from both sides.

Given the rail merger movement, though, you have to wonder how many players there can be on the union side.

Class 1 railroad employment

Employee Group	No. of employees, mid-month count April 1985	Percent of change April 1985 from April 1984	Percent of change April 1985 from March 1985
Total—all employees	307,898	d 4.54	d 1.69
Executives, officials and staff assistants	13,795	d 1.09	.25
Professional and administrative	57,657	d 7.46	d .05
Maintenance of way and structures	63,010	3.36	11.89
Maintenance of equipment and stores	58,036	d 7.91	d .23
Transportation (other than train and engine)	20,478	d 11.34	d .27
Transportation (train and engine)	94,923	d 4.31	d 1.61

Source: ICC

Update

Earnings down 30% on 4.6% traffic decline

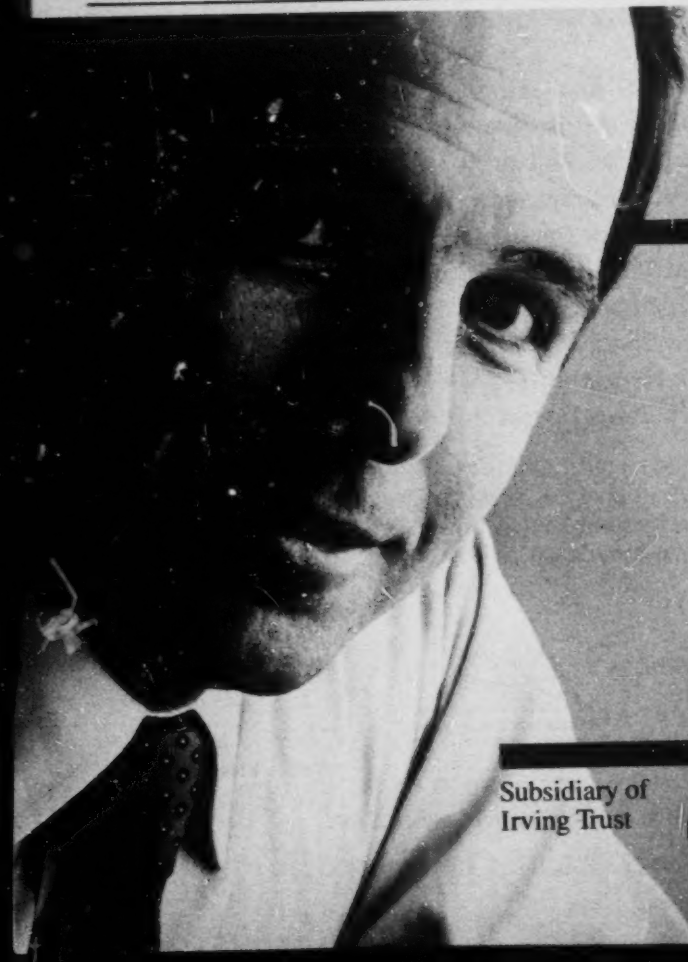
A 4.6% drop in first-quarter ton-miles translated into a $400 million decline in operating revenues, from $7.4 billion in the 1984 period to $7.0 billion this year. Meanwhile, operating expenses were down only around $200 million, from slightly less than $6.6 billion to nearly $6.4 million. As a result, ordinary income dropped 30%, from 1984's $600 million to $418 million for the 1985 quarter.

Dr. Harvey A. Levine, vice president of economics and finance for the Association of American Railroads, announced the first-quarter results.

"The economy as a whole was fairly slow for the first quarter of 1985," said Dr. Levine. "In addition, the high first-quarter figure for 1984 can be attributed to the fact that, at that time, the economy was emerging from a recessionary period. Typically, increases in income due to cost-cutting measures taken during such a downturn accompany such an emergence."

Class I Railroads in the United States For the First Quarter

	1985 (millions)	1984 (millions)
Operating Revenues	$7,002.0	$7,411.7
Operating Expenses	6,380.9	6,568.2
Net Revenue from Operations		
United States	621.0	843.8
Eastern District	143.6	202.1
Southern District	175.0	226.1
Western District	302.4	415.4
Rate of Return on Net Investment (12 months ended March 31)	5.4%	5.0%
Ordinary Income		
United States	417.7	600.1
Eastern District	124.5	177.1
Southern District	114.1	142.2
Western District	179.0	280.8
Net Railway Operating Income	390.3	574.6



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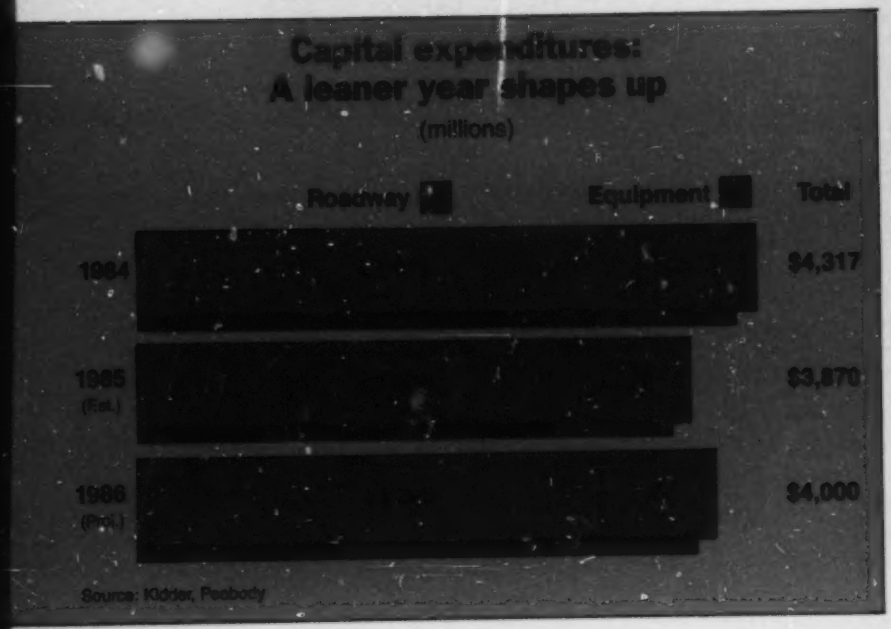

Coal traffic is predictably down from a year ago, when

Mixed signals at midyear

Traffic and earnings have fallen below last year's levels—but the railroads have made important strides in other areas of great significance to their long-term prosperity.

By LUTHER S. MILLER, Editor

The heat wave that seared the Southeast recently may have brought misery to many, but coal traffic people were not among them. It takes a heap of coal to generate the power to run air conditioners, and in these tepid traffic times a long hot summer is on the wish list of more than one railroad.

Marketing officers are anxiously scanning not only the weather forecasts but the whole economic horizon as they look for signs of an upturn. So far they have found precious few.

For the nation's economy as a whole, the indicators at midyear are good. The Gross National Product rose 3.1% in the second quarter. A 5% increase for the year is now considered likely by many forecasters.

"Unfortunately, we don't haul the GNP," mourns one Santa Fe officer. "Hamburger stands, car washes and microchips don't produce a whole lot of carloads."

The fact is, the limited economic growth that is being experienced is coming in the service and high-tech industries. The factories and farms that produce carload traffic are hurting, and so are the railroads. Loadings are down more than 5% from 1984 levels; revenue ton-miles have dropped nearly 4%.

• **The domino effect.** This means lower earnings, and that in turn means that railroads are taking a second look at capital investment programs that they budgeted when modest traffic increases were forecast. For the first quarter, Class I roads earned $418 million, down 30% from the 1984 quarter. When second quarter figures are added up, they are not likely to be any better, warns Dr. Harvey A. Levine, vice president of economics and finance for the Association of American Railroads. He points out that this year's second quarter will be compared with a period a year ago when coal was being stockpiled for a miners' strike that never materialized.

How does the second half of '85 shape up? The picture is murky. As an example of the difficulties forecasters are facing, Richard E. Briggs, executive vice president of the AAR, cites the report of one analyst who assumed that "a continuation of the trends of the last four months was a 50% possibility, a modest increase above that could be rated a 30% possibility, and a further decline could be a 20% possibility."

A less complicated though still iffy forecast has been put together by rail analysts at Kidder, Peabody and Co. At the June 20 meeting of the American Railway Car Institute's forecasting committee in Chicago, Kidder, Peabody sized up the situation this way: 1985 may see a 5% drop in ton-miles, a 4% decline in operating revenues, and a 17% drop in operating income. The company's analysts see railroad capital expenditures dropping to $3.87 billion from the record $4.3 billion spent last year.

Kidder, Peabody is looking for a modest railroad recovery in 1986, with ton-miles rising 2-3%, revenues up 5%, and operating profits increasing 8-10%. This could mean a return to the $4 billion level for capital investment.

For freight-car builders, the news continues to be grim. At its recent Chicago meeting, the ARCI collected the market forecasts of eight carbuilders and nine component suppliers. For 1985, they expect deliveries of new cars to be in the 12,000-13,000 range, rising to 14,000-16,000 in 1986. The low side of those forecasts represents less than one sixth of production capacity.

• **On the plus side.** As the AAR's Briggs points out, all of the signs at midyear '85 are not bad—far from it. In one area of great long-range significance—deregulation—the railroads made important strides in this year's first half.

stockpiling was under way. Sluggish grain traffic has been the big disappointment of the year so far. John S. Murray

Late in 1984, the prospect of some degree of reregulation was a darkening threat. A large number of shippers were concerned over the Interstate Commerce Commission's interpretation of the Staggers Rail Act of 1980—particularly with respect to the closing of gateways, the cancellation of through rates, and the resulting lessening of inter-railroad competition. But in recent months a team of railroad negotiators headed by AAR President William H. Dempsey has dealt effectively with most of the dissidents. Early in the year, the AAR reached an accord with the National Industrial Transportation League (and subsequently with the Chemical Manufacturers Association) on competitive-access issues. An agreement with the American Paper Institute helped mute the outcry over market dominance issues. Meanwhile, a group of key shippers—those who had never had any real quarrel with Staggers in the first place—banded together under the banner of CARS (Committee Against Revising Staggers) to support the railroads in Congress.

The biggest remaining threat to Staggers is now represented by a coalition of utility and coal interests that calls itself Consumers United for Railway Equity. This coalition, which is controlled by the utilities, wants such drastic changes in the Staggers Act that the two sides up until early summer had not even been able to agree to talk. There were indications in mid-June that they might at least have reached the talking stage, though railroad people were not hopeful that any agreement could be achieved that would approach in substance those reached with other shippers.

There was one big piece of news out of Washington—the President's tax reform proposal—that railroads were slow to evaluate. They finally did take a position June 27 opposing parts of the program that they said would add up to a "double whammy." The first of these, loss of the investment tax credit, would not in itself be so bad if lower taxes would follow. But a second provision, under which the government would recapture taxes on 40% of credits taken over a five-year period, would cost the industry around $2 billion. Railroads also expressed concern over the effects of these changes on their customers.

Another development that was definitely upbeat was the settlement, announced late in June, of the railroads' dispute with the United Transportation Union. National Railway Labor Conference Chairman Charles I. Hopkins called the settlement a "win-win situation," with both labor and management benefiting at a time when the transportation marketplace has become "savagely competitive."

• **Looking for growth.** If the railroads have reason to look back on the first half of the year as one of long-term accomplishment for the industry, the fact remains that it's short term performance that pays the bills. And the traffic patterns that have emerged so far this year reinforce the feeling of many marketing people that as the economy continues to tilt toward service and high-tech, and away from smokestack, the railroads are going to have to look to the other modes for growth traffic.

One troublesome aspect of this year's traffic picture is intermodal business. In recent years it has grown in bad times and good times, but this year it has declined at about the same rate as carload traffic. One reason is, of course, reduced factory output—but during the great economic recession of a few years ago TOFC/COFC traffic actually grew. Why the turnaround this year? Price-cutting by a growing, hungry fleet of small truckers is one reason. Another, suggests Trailer Train President Raymond Burton, is boxcar competition.

In the carload traffic picture, the only really bright spot is occupied by motor vehicles and related equipment. That is high-rated traffic, and the railroads hauled 472,115 carloads of it in this year's first 22 weeks—up 5.7% over the 1984 period and 32.9% above 1983 levels.

Elsewhere, there are considerably more minuses than pluses. Coal produced 2,411,193 revenue carloads up to June 1, a 3.6% drop from 1984 levels, and that was not unexpected in view of last year's stockpiling. Far more disappointing was grain: the 476,958 carloads hauled in this year's first 22 weeks were down 20.8% from 1984.

Farm products except grain (81,355 carloads) was down 12.7%; metallic ores (305,478), down 12.5%; non-metallic minerals (236,633), down 7.1%; primary forest products (265,775), down 13.2%; lumber and wood products except furniture (155,934), down 5.1%; pulp, paper and allied products (315,188), down 3.3%; chemicals and allied products (553,637), down 1.4%; petroleum products (99,386), down 6.4%; stone, clay and glass products (226,848), down 3.5%; coke (109,827), down 4.9%; waste and scrap materials (194,571), down 12.5%; forwarder and shipper association traffic (141,646), down 15.7%; all other carloads (1,236,086), down 1.8%.

The only categories showing increases, except automotive, were crushed stone, gravel and sand (237,367), up 8.2%; and food and kindred products (240,460), up 1.1%. ■